

Message Text

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72

ACTION EUR-25

INFO OCT-01 IO-15 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 5860

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN UNN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE EC BRUSSELS 5797

E.O. 11652: NA

TAGS: ETRD, EEC, FI

SUBJ: SIGNING OF EC-FINNISH TRADE AGREEMENT

REFS: A. EC BRUSSELS A-243, AUG. 14, 1972;

B. EC BRUSSELS 2846, AUG. 1, 1972

C. HELSINKI 2591 (NOTAL)

1. SUMMARY. FIFTEEN MONTHS AFTER COMPLETION OF
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NEGOTIATIONS, FINLAND AND THE EC SIGNED A TRADE

AGREEMENT ON OCTOBER 5. THE AGREEMENT WHICH ESSENTIALLY PROVIDES FOR FREE TRADE IN INDUSTRIAL PRODUCTS IS EXPECTED TO GO INTO FORCE ON JANUARY 1, 1974. END SUMMARY.

2. AS EXPECTED EC AND FINLAND SIGNED A TRADE AGREEMENT ON OCTOBER 5, 1973. NEGOTIATION OF THIS AGREEMENT WAS COMPLETED IN JULY 1972 BUT SIGNATURE HAS BEEN DELAYED WHILE FINLAND WORKED OUT ITS OWN INTERNAL PROBLEMS AND MODIFIED TRADING ARRANGEMENTS WITH THE CEMA COUNTRIES. WITH THIS SIGNING THE EC HAS COMPLETED NEW TRADING ARRANGEMENTS WITH THOSE EFTA COUNTRIES WHO CHOSE NOT TO SEEK FULL MEMBERSHIP IN THE EUROPEAN COMMUNITY.

3. THE FULL TEXT OF THE AGREEMENT SIGNED ON OCTOBER 5 HAS ALREADY BEEN FORWARDED TO THE DEPARTMENT AND HELSINKI (REF A). AS REPORTED IN REF B, THE EC-FINNISH AGREEMENT IS ESSENTIALLY RESTRICTED TO FREE TRADE IN INDUSTRIAL PRODUCTS. THE FINNISH AGREEMENT CONTAINS NO SPECIAL PROVISIONS FOR AGRICULTURAL TRADE BUT A SEPARATE PROTOCOL COVERS THE REMOVAL OR REDUCTION OF TARIFFS ON SOME PROCESSED AGRICULTURAL PRODUCTS. THE FINNS REJECTED THE INCLUSION OF ANY "EVOLUTIONARY CLAUSE" SUCH AS THOSE INCLUDED IN THE ARRANGEMENTS WITH SWEDEN AND NORWAY.

4. AS ORIGINALLY CONTEMPLATED, INDUSTRIAL TARIFFS WERE TO BE REDUCED TO ZERO IN FIVE 20 PERCENT TARIFF CUTS BEGINNING ON APRIL 1, 1973 ENDING ON JULY 1, 1977. THE DELAY IN SIGNATURE HAS FORCED THE PARTIES TO TELESCOPE THE FIRST TWO 20 PERCENT TARIFF CUTS. CONSEQUENTLY, A 40 PERCENT TARIFF REDUCTION IS EXPECTED TO GO INTO EFFECT ON JANUARY 1, 1974. SPECIAL PROVISIONS FOR THE MAINTENANCE OF INDUSTRIAL FREE TRADE BETWEEN FINLAND AND HER FORMER EFTA PARTNERS, BRITAIN AND DENMARK (PENDING FULL IMPLEMENTATION OF THE NEW ARRANGEMENT) HAVE ALSO BEEN INCLUDED. AS WITH THE OTHER EFTA ARRANGEMENTS TARIFF REDUCTIONS ON A NUMBER OF SENSITIVE PRODUCTS WILL BE EXTENDED OVER A LONGER TRANSITION PERIOD. FOR PAPER LIMITED OFFICIAL USE

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AND PAPER PRODUCTS THIS TRANSITION PERIOD RUNS TO JANUARY 1, 1984. FOR OTHER SENSITIVE PRODUCTS INCLUDING SPECIAL METALS, FERRO-ALLOYS AND TEXTILES THE TRANSITION PERIOD RUNS TO JANUARY 1, 1980.

5. THE EC AGREEMENT WITH FINLAND WILL GO INTO FORCE ON THE FIRST DAY OF THE SECOND MONTH FOLLOWING COMPLETION OF ALL RATIFICATION PROCEDURES. ON THE

ASSUMPTION THAT FINLAND CAN COMPLETE PARLIAMENTARY
APPROVAL OF THE AGREEMENT BY THE END OF NOVEMBER THE
TRADE AGREEMENT CAN GO INTO EFFECT AS INDICATED ABOVE ON
JANUARY 1, 1974. FOR THE SEPARATE AGREEMENT COVERING
ECSC PRODUCTS THE SITUATION IS SLIGHTLY MORE COMPLICATED
SINCE THE PARLIAMENTS OF EACH OF THE MEMBER STATES AND
FINLAND MUST ALSO RATIFY THIS AGREEMENT. HOWEVER, IN
ACCORDANCE WITH PROCEDURES ADOPTED IN THE CASE OF THE
OTHER EFTA NONAPPLICANT COUNTRIES THE PREFERENTIAL
TARIFFS PROVIDED FOR WITHIN THE ECSC AGREEMENT WILL BE
APPLIED AUTONOMOUSLY, ON A RECIPROCAL BASIS, BY ALL
PARTIES FROM THE DATE ON WHICH THE TARIFF REDUCTIONS
FOR EEC PRODUCTS I.E., THOSE DESCRIBED IN
PARA 4, TAKE EFFECT. GREENWALD

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